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The Netherlands

Exporter Guide

Annual

2002

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Report Highlights:
This report provides information to U.S. companies interested in doing business in the Netherlands. It focuses on exports of consumer-oriented foods and beverages, edible fishery products, and food ingredients.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
The Hague [NL1], NL

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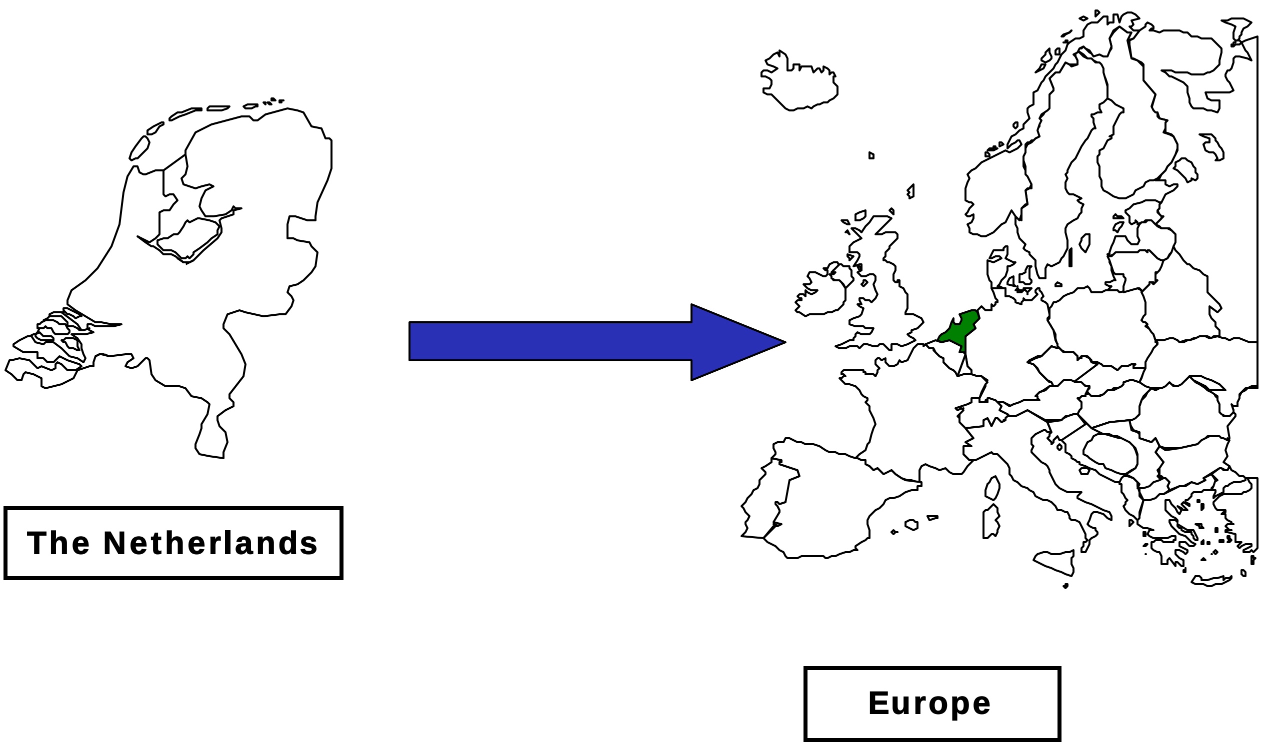
SECTION I. Market Overview

Macro-Economic Situation

After several years of sustained non-inflationary growth and low unemployment, the macroeconomic performance of the Dutch economy has deteriorated markedly. A slowdown in the global economy and erosion of the Dutch competitive position has dampened foreign demand, while slumping stock markets and layoffs announced by many multinationals have resulted in a sharp drop in households and business confidence.

The OECD predicts Dutch GDP growth to slow to less than one percent in 2002 (after decelerating to just 1.3 percent in 2001) and to recover to 1.5 percent in 2003. Stagnating employment growth is forecast to increase the level of unemployment to close to five percent of the labor force in 2003. After peaking at about five percent in 2001, inflation is expected to ease to 3.5 percent in 2002 and to 2.5 percent in 2003.

After peaking at more than five percent in 2001, real disposable income growth in 2002 is forecast to drop sharply to 1.25 percent. Relatively poor purchasing power gains, decelerating job growth and a bearish stock market are forecast to dampen consumer spending and keep private consumption growth in 2002 unchanged from 2001 at 1.25 percent. After slumping in 2001, consumer spending on food and related products is expected to return to its normal growth path in 2002. This will also apply to consumer spending on durable consumer goods (clothing, shoes, interior decoration and other household items) which, although exceeding the 2001 level, will remain modest.



Consumers' Spending

In the year 2001, consumer preference for supermarket shopping has further increased. On average, the consumer made 3.3 visits to supermarkets per week and spent euro 63.69. As a result, turnover of Dutch supermarkets increased from 21.4 billion in 2000 to 22.9 billion in 2001, an increase of 7%.

Daily, 4 million consumers visit the supermarket. This makes the supermarket a suitable place to offer new services such as dry-cleaning, photo development and (fast) food service. Moreover, the consumer seeking all goods and service under one roof is comforted with non-food items such as simple textiles, books, pottery and flowers. Because of its popularity, the supermarket acts like a barometer of society. As a result of daily contacts, the supermarket knows what drives the consumer and translates this to manufacturers. Supermarkets are the buying agent for the consumer.

In the Netherlands, about 74.6 percent of food is purchased in supermarkets, 16.5 percent in speciality stores and 8.9 percent from out-side markets, department stores, gas stations and direct sales from farms.

Figure 1: Consumer Food Buying Characteristics

	1999	2000	2001
Population	15,760,225	15,863,943	15,987,074
Number of Households	6.8 mln.	6.9 mln	6.9 mln
Household Size	2.3	2.3	2.3
Supermarket spending per week/household	i 90.00	i 91.00	i 92.00
Number of supermarket visits per week	3.1	3.1	3.3
Supermarket spending per visit	i 19.10	i 20.42	i 19.50

Source: CBL

Figure 2: Advantages and Challenges Facing U.S. Products in the Netherlands

Advantages	Challenges
Affluent market, educated and English speaking population	Saturated markets and Fierce competition
Exquisite infra structure and Trade history and mentality	Distance (especially for fresh products) and Transportation costs
Rather favorable image of American products	Labeling and Certifying
Strong interest to buy unique and innovative products	Tariff and Non-Tariff Barriers

Key Developments and the Impact on Consumer Products

The Netherlands currently has just over 16 million inhabitants and is the most densely populated country in the world, with 464 people per square kilometer. More than half of the Dutch population lives in the ' Randstad ' which is the triangle Rotterdam-Amsterdam-Utrecht.

The major key developments are the following:

- The population is growing steadily (approximately 16.6 million in 2010)
- Average household size is declining (One-person households account for 37 percent in 2010)
- The percentage of people with high education levels (Masters or Bachelors degree) is growing
- Ageing of the Dutch population

As the figure indicates, the Dutch population has become older during the past 4 decades.

Figure 3: Population by Age Group
Percentage

	0 - 19	20 - 39	40 - 64	65 - 79	80+
1962	38.1	26.6	26.2	7.8	1.4
1972	35.4	28.7	25.6	8.5	1.8
1982	30.3	32.3	25.8	9.3	2.4
1992	24.9	33.0	29.1	10.0	2.9
2002*	24.5	29.1	32.8	10.4	3.3

* estimate Source: CBS

- Growth of non Dutch Population

The non-Dutch population in the Netherlands has grown by 6 percent during the past 2 years whereas the population with ethnic Dutch nationality grew during the same period by only 1.3 percent. As a result there has been strong growth in the number of stores serving ethnic niche markets.

Figure 4: Population by Nationality

	2000	2001	*2002
Dutch	15,212,418	15,319,273	15,414,892
non-Dutch	651,532	667,802	690,393

* estimate Source: CBS

- The Need for Convenience

During the past 5 decades women have become increasingly active in the work force. Due to the emancipation of women, the Netherlands has the highest rate in Europe of women working outside the home. At the same time, the Netherlands has the highest rate of woman working part time. This development has led to a situation were both men and women buy their groceries.

Since time has become scarce, the consumer wants to spend a minimum of time on dinner preparation. This has been the main force behind the increasing demand for convenience food. Consumers increasingly want portioned, easy-to-prepare and tasty meals.

- Food Safety

Safety is another issue for the consumer in buying food. Because of the calamities of the past years, the issue of food safety has become more important in Dutch politics. The attention on food safety has increased because of the CSF, the Dioxin crisis, BSE, the breakout of FMD. Although not all posed a threat to human health, it prompted government and many other organizations to issue reports about the future of Dutch farming. Food safety is an issue for all. Consumers increasingly demand safe and traceable products. Retailers, processors and producers are setting up traceable supply chains to minimize risks and to regain the consumers' trust.

- Organic Food

These outbreaks and diseases also led to a greater demand for organic food products. However recent figures show that the organic industry still remains a niche and hasn't reached a 5 percent market share.

SECTION II. Exporter Business Tips

Local Business Customs

Following are some characteristics about doing business in the Netherlands:

- The majority of Dutch business people speak English and have a high level of education (Masters or Bachelors degree)

- In general, the Dutch are straightforward and business minded. Therefore, the Dutch want to be well informed regarding the product/service and the counterpart before doing business. At the same time Dutch don't want to waste their time and they can be quick decision makers.

- Nowadays, as a result of food safety concerns, increasing power by retailers and changing consumers' demands, Dutch food processors are increasingly looking for long term partnerships rather than a one off business transaction.

General Consumer Tastes and Preferences

As a result of changing demographics, the need for convenience and food safety, the spending on food items of the Dutch changes.

Current trends in the Dutch Food Market:

~ **Health:** natural ingredients - lower calories - no sugar - fresh - organic

~ **Convenience:** frozen foods - fresh, pre-packed - take-away - ready-to-eat meals

~ **Price:** special offers, sales

~ **Food Safety:** certificates, vertical coordination, tracking and tracing

~ **Winning Food Items:** convenience, proportioned and ready-to-eat meals

~ **Distribution:** increasing power on the food retail side - more ethnic shops - more shopping outlets at gas and railway station

~ **Stores:** more personal service - wider assortment - more fresh and non-food - convenience foods - more exotic products - environmentally friendly products

Food Standards and Regulations

- **National Basic Legislation**

In the Netherlands, there is not one single and specific food law. The regulatory framework for foodstuffs and non-food is covered by the ' Warenwet ' (Commodities Act) which forms the backbone of the Dutch system for food commodity legislation. The Warenwet supplies general guidelines and requirements concerning foods and other commodities.

The Basic objectives of this law are:

1. health protection
2. guarantee of product safety
3. provision of adequate and correct information to the consumer and discouragement of misleading information, and
4. promotion of fair trade.

Besides the Warenwet, which concerns most foods, general aspects of some primary foods are regulated in two other laws:

A. The "Landbouwkwaliteitswet" (Agricultural Quality Act), which concerns primary agricultural products.
B. The "Vleeskeuringswet" (Meat Inspection Act), which concerns slaughterhouses.

C **Specific Standards**

All three Acts mentioned above are basic laws and provide a basis for setting standards but do not specify concrete standards themselves. Standards concerning specific products or subjects (e.g. labeling and hygienic production) are the domain of individual implementing decrees (Royal decrees), based on the "Warenwet" (Commodities Act) or one of the other Acts mentioned above.

A detailed report which specifically addresses labeling and ingredient requirements in the Dutch market entitled, The Netherlands: Food and Agricultural Import Regulations & Standards (FAIRS) report can be obtained from the FAS homepage: http://www.fas.usda.gov/scriptsw/attacherep/default.asp

SECTION III. Market Sector Structure and Trends

In the Netherlands, about 75 percent of food sales take place in supermarkets, 15 percent in specialty stores and 10 percent via local markets, department stores, gas stations, etc. This illustrates the strong position of supermarkets in the Dutch market.

There are supermarket chains with 1. national coverage such as ‘Albert Heijn’ 2. regional coverage such as members of ‘Superunie’, and 3. independents who buy through Trade Service Nederland (TSN). Others types of stores include:

- Specialty stores are losing market-share to the supermarkets. The 26 percent share of the retail food market which specialty stores had in 1993 decreased to 16.5 percent in 1999. Family operated specialty stores do not have the economies of scale.

- The majority of wine, liquor, and drug chain-stores are now owned by the large supermarkets, market share of these chains is growing at the expense of the privately owned stores in this market segment.

- Relatively new to the Netherlands is the concept of food retailing at gas stations, railway stations and airports. In general the bigger food retailers are the suppliers or owners of these new outlets.

Figure 5: Key Data on Food Buying Organization in The Netherlands.

	Market Share		Formula
	2000	2001	
Albert Heijn	27.6	27.4	Albert Heijn + franchise Albert Heijn To Go Albert Heijn XL
Laurus	26	25.3	Edah Konmar Super de Boer
TSN / Schuitema	23.6	15.1	C1000 Maxis
Superunie	11.9	21.3	Coop E-markt Deka Markt Jan Linders Jumbo Plus markt, etc.
Van Tol	n.a.	n.a.	
Other	n.a.	n.a.	

Source: AC Nielsen

Albert Heijn BV
Provinciale weg 11
1506 MA Zaandam
Tel: 075-65 99 111
Fax: 075-65 98 360
Website: www.ah.nl

Laurus N.V.
Parallelweg 64
5223 AL Den Bosch
Tel: 073- 62 23 622
Fax: 073 62 23 636
Website: www.laurus.nl

TSN
(Trade Service Nederland)
Plotterweg 4
3821 BB Amersfoort
Tel: 033-45 33 6 00
Fax: 033-45 50 172

Lidl Nederland
Huizermaatweg 45
1273 NA Huizen
Tel: 035-52 42 411
Fax: 035-52 64 139

Superunie, C.I.V
Industrieweg 22b
4153 BW Beesd
Tel: 0345-68 66 66
Fax: 0345-68 66 00
Website: www.superunie.nl

Aldi Nederland
Erasmusweg 3
4104 AK Culemborg
Tel: 0345-47 29 11
Fax: 0345-41 93 83
Website: www.aldi.nl

Koopconsult B.V.
Flemingweg 1
2408 AV Alphen aan de Rijn
Tel: 0172- 44 82 00
Fax: 0172- 47 46 36

SECTION IV. Best High-Value Product Prospects

A. Popular U.S. Food Products in the Dutch Market

C TEXMEX foods (including sauces)
C Snack Foods
C Pink Grapefruit
C Tree nuts
C Wine
C Pet food
C Frozen Orange Juice Concentrates

B. U.S. Food Products not present in significant quantities, but which have good sales potential, include:

- Speciality Sauces and Dressings
- Speciality and premium products
- Smoked and fresh wild salmon

C. U.S. Food Products not present because they face Significant Barriers

- Canned fruits (high tariffs)
- Fresh Fruits (transport costs)
- Poultry meat (phytosanitary restrictions / high tariffs)
- Beef (non tariff trade barriers)

SECTION V. Key Contacts And Further Information

- Office of Agricultural Affairs, American Embassy
U.S. Mailing Address: U.S. Embassy/ the Hague, PSC 71 Box 1000 APO AE 09715
International Mailing Address: Lange Voorhout 102, 2514 EJ The Hague, the Netherlands
Phone: 31-70-310-9299
Fax: 31-70-365-7681
e-mail: agthehague@fas.usda.gov

Food Shows Frequently Visited by Dutch Food Buyers		
Show	**When**	**Show Organizers**
HORECAVA, Amsterdam, the Netherlands (Hotel, Restaurant Show)	January 06-09, 2003	tel: + (31) 20 575 3032 fax: + (31) 20 575 3093 http://www.horecava.nl
National Food Week, Utrecht, the Netherlands	March 23-26, 2003	tel: + (31) 30 295 2799 fax: + (31) 30 295 2814 http://www.nationalefoodweek.nl
FMI, Chicago, United States < **Participation in** U.S. Food Export Showcase tel: + (1) 202 296 9680 fax: + (1) 202 296 9686	May 04 - 06, 2003	tel: + (1) 202 452 8444 fax + (1) 202 429 4559 http://www.fmi.org
World of Private Label (PLMA) Amsterdam, the Netherlands < **U.S. Participation** USDA/FAS, Washington Trade Show Office tel: + (1)202 720 3623 fax + (1)202 690 4374	May 27 - 28, 2003	tel: + (31) 20 575 30 32 fax: + (31) 20 575 30 93 http://www.plmainternational.com
SIAL, Paris, France < **U.S. Participation:** USDA/FAS, Paris, France tel: + (33) 1 431 222 77 fax + (33) 1 431 226 62	October 20- 24 2002 Bi-Annual Show	tel: + (33) 149 68 54 99 fax: + (33) 147 31 37 75 http://www.sial.fr
ANUGA, Cologne, Germany < **U.S. Participation:** USDA/FAS/ATO Hamburg, Germany tel: + (49) 40 414 6070 fax: + (49) 40 414 60720	October 11 - 15, 2003 Bi-Annual Show	tel: + (49) 221 82 10 fax: + (49) 821 34 10 http://www.anuga.de

Or contact the International Marketing Section of your State Department of Agriculture.

APPENDIX Statistics

A. Key Trade & Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$17,206 / 9%
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$10,337 / 4%
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1/]	$1,012 / 1%
Total Population (Millions) / Annual Growth Rate (%)	15.8 / 0.9%
Urban Population (Millions) / Annual Growth Rate (%)	9.8 / 2%
Number of Major Metropolitan Areas [2/]	2
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars)	$23,441
Unemployment Rate (%)	4.0%
Per Capita Food Expenditures (U.S. Dollars)	$1,735
Percent of Female Population Employed [3/]	53%
Exchange Rate See Table Below	

Note:
1/ Source: UN Trade database CY 2000
[2/] population in excess of 1,000,000
[3/] percent against the total number of women of working age

Exchange Rate			
Year	**U.S. $**	**EURO**	**Dutch florin (guilder)**
1999	1	0.94	2.07
2000	1	1.09	2.39
2001	1	1.12	2.46
2002	1	1.09	

B. Consumer Food & Edible Fishery Product Imports

Netherlands Imports	Imports from the World			Imports from the U.S.			U.S Market Share		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
	US$ Million			US$ Million			US$ Million		
CONSUMER-ORIENTED AGRICULTURAL TOTAL	10,150	11,078	10,338	350	439	453	3	4	4
Snack Foods (Excl. Nuts)	461	541	500	3	5	5	1	1	1
Breakfast Cereals & Pancake Mix	32	44	35	1	1	1	1	1	3
Red Meats, Fresh/Chilled/Frozen	556	655	628	17	6	1	3	1	0
Red Meats, Prepared/Preserved	276	294	366	1	1	1	0	0	0
Poultry Meat	232	260	215	0	0	0	0	0	0
Dairy Products (Excl. Cheese)	1,685	1,749	1,630	1	1	1	0	0	0
Cheese	315	286	273	1	1	1	0	0	0
Eggs & Products	88	98	75	6	2	4	7	2	6
Fresh Fruit	1,227	1,364	1,188	28	28	23	2	2	2
Fresh Vegetables	767	674	701	1	1	1	0	0	0
Processed Fruit & Vegetables	904	1,052	893	33	34	26	4	3	3
Fruit & Vegetable Juices	602	750	645	30	43	45	5	6	7
Tree Nuts	203	225	191	53	56	41	26	25	22
Wine & Beer	601	709	620	32	64	69	5	9	11
Nursery Products & Cut Flowers	765	794	819	58	56	56	8	7	7
Pet Foods (Dog & Cat Food)	91	133	128	9	21	35	10	16	28
Other Consumer-Oriented Products	1,344	1,451	1,430	78	121	144	6	8	10
FISH & SEAFOOD PRODUCTS	925	952	1,012	14	16	14	1	2	1
Salmon	49	50	47	4	6	6	9	12	13
Surimi	7	10	7	1	1	1	3	1	2
Crustaceans	242	201	247	1	1	1	0	0	0
Groundfish & Flatfish	322	364	395	1	2	3	0	1	1
Molluscs	37	35	32	1	2	2	1	5	6
Other Fishery Products	268	293	284	7	5	3	2	2	1
AGRICULTURAL PRODUCTS TOTAL	18,016	18,876	17,206	1,332	1,475	1,512	7	8	9
AGRICULTURAL, FISH & FORESTRY TOTAL	20,710	21,778	20,089	1,411	1,531	1,574	7	7	8

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products

CONSUMER-ORIENTED AGRICULTURAL TOTAL			
Reporting: Netherlands - Top 15 Ranking			
	Import **1998** Value 1000$	Import **1999** Value 1000$	Import **2000** Value 1000$
Germany	2,011,393	2,142,649	2,064,622
Belgium	0	2,041,565	1,650,367
France	913,635	971,919	843,699
Spain	806,915	640,546	726,274
Brazil	509,960	631,849	584,182
United Kingdom	395,063	514,620	495,660
United States	**350,339**	**438,981**	**452,824**
Thailand	221,523	319,276	270,381
Ireland	230,148	270,676	256,243
Italy	271,129	281,405	234,478
South Africa	0	0	228,009
Israel	196,450	160,482	166,337
Chile	162,537	185,430	139,773
Kenya	106,953	120,960	118,165
Argentina	163,860	154,909	115,233
Other	3,810,817	2,202,594	1,991,934
World	**10,150,323**	**11,078,130**	**10,338,243**

FISH & SEAFOOD PRODUCTS			
Reporting: Netherlands - Top 15 Ranking			
	Import **1998** Value 1000$	Import **1999** Value 1000$	Import **2000** Value 1000$
Germany	13,909	163,614	150,232
Iceland	56,785	62,320	112,444
Denmark	77,021	96,583	94,619
United Kingdom	79,271	88,364	68,492
Belgium	0	64,089	60,200
France	36,239	44,052	41,984
Morocco	27,944	24,295	35,298
Tanzania	11,128	4,724	29,376
Indonesia	18,622	25,354	28,665
China	17,196	14,417	25,468
Nigeria	17,458	13,907	21,972
Thailand	44,926	22,250	21,321
Bangladesh	13,098	14,728	19,965
Norway	33,552	35,112	17,598
Vietnam	18,833	11,710	17,434
Other	332,766	266,915	276,993
World	**924,650**	**952,474**	**1,012,063**

Source: United Nations Statistics Division